

Message Text

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ACTION SS-25

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R 030241Z MAR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6226
INFO AMCONSUL JERUSALEM
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 02 CAIRO 06849

EXDIS

C O R R E C T E D C O P Y (PARAS THREE AND FOUR)

E.O. 11652: GDS
TAGS: ENRG, EG, IS
SUBJ: OIL EXPLORATION IN SINAI - GULF OIL ACTIVITY IN
- BUFFER ZONE

SUMMARY: SEISMIC WORK IN GULF OIL'S SINAI CONCESSION HAS REACHED STAGE WHERE ACCESS TO BUFFER ZONE (BZ) WOULD BE DESIRABLE. GULF BEING ENCOURAGED BY EGYPTIAN MILITARY REGARDING PERMISSIBILITY OF OIL EXPLORATION IN BZ AND HAS APPROACHED EMBASSY REGARDING POSSIBLE CHANGE IN ATTITUDE TOWARDS CIVILIAN ACTIVITIES IN BZ. EMBASSY AWARE OF EGYPTIAN CONSTRUCTION ACTIVITY IN NORTHERN BZ RELATED TO BEDOUIN SETTLEMENTS, BUT DOES NOT HAVE INFORMATION ON BASIC CHANGE IN ATTITUDE ON CIVILIAN ACTIVITIES IN BZ. REQUEST DEPARTMENT AND OTHER ADDRESSEES ADVISE CURRENT THINKING ON THIS ISSUE TO ENABLE US PROVIDE GULF WITH GUIDANCE. END SUMMARY.

1. AT HIS REQUEST, GULF OIL'S EGYPT MANAGER MICHAEL KONTZ CALLED ON EMBOFF FEBRUARY 28 TO DISCUSS GULF'S ACTIVITIES IN SINAI CONCESSION AREA. GULF SIGNED ITS EXPLORATION/
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PRODUCTION AGREEMENT IN MAY 1977 FOR RIGHTS TO AREA IN NORTHERN SINAI JUST EAST OF SUEZ CANAL; EASTERNMOST THIRD OF AREA OVERLAPS SINAI BUFFER ZONE (SEE CAIRO A-97 OF JUNE 3, 1977 AND 77 CAIRO 9179). SEISMIC WORK BEGAN ALMOST IMMEDIATELY AFTER SIGNING IN AREA BETWEEN CANAL AND BUFFER ZONE, WHICH UNDER FULL EGYPTIAN CONTROL. AS PREVIOUSLY REPORTED, GULF DID NOT IMMEDIATELY PURSUE QUESTION OF

ACCESS TO BZ. MATTER WAS DISCUSSED WITH US IN SPRING 1977 AND WE ADVISED GULF THAT COMPANY SHOULD RELY ON EGYPTIAN GOVERNMENT TO OBTAIN PERMISSION FOR EXPLORATION ACTIVITIES IN BZ. (SEE 77 CAIRO 6278).

2. ACCORDING TO KONTZ, SEISMIC WORK IN OPEN AREA NOW COMPLETED. IT WOULD BE HIGHLY DESIRABLE TO DO THE FINAL THIRD, WHICH IS IN BZ, AT THIS TIME, ALTHOUGH IT NOT ABSOLUTE NECESSITY. QUESTIONS ARISE, HOWEVER, BECAUSE GULF HAS BEEN GETTING ENCOURAGEMENT FROM EGYPTIAN MILITARY OFFICIALS IN SINAI WHO CLAIM THAT CIVILIAN ACTIVITIES ARE NOW PERMITTED IN BZ. KONTZ SAID HIS SEISMIC CREWS HAVE OBSERVED NUMEROUS EGYPTIAN CIVILIAN TRUCKS PROCEEDING INTO BZ LOADED WITH WORKERS AND BUILDING MATERIALS AND THAT EGYPTIAN MILITARY MANNING CHECKPOINT ON THE AL-ARISH-TO-QANTARA ROAD HAVE OPENLY INVITED THEM TO - PASS THROUGH (SIX MONTHS AGO THIS WAS STRICTLY FORBIDDEN TO FOREIGNERS, ACCORDING TO KONTZ). IF POLICY OR CIRCUMSTANCES HAVE NOW CHANGED, GULF WOULD LIKE TO KNOW SO THAT IT COULD FINISH ITS SEISMIC WORK. KONTZ ALSO SAID THAT ONE OF GULF/EGYPT'S BOARD MEMBERS IS RETIRED GENERAL WHO HAS CLOSE RELATIONS WITH GENERAL MAGDUB (FORMER HEAD OF SINAI LIAISON OFFICE AND NOW SEC/GEN, PERMANENT SECRETARIAT, NATIONAL DEFENSE COUNCIL). MAGDUB HIMSELF IS ENCOURAGING GULF TO MAKE DIRECT REQUEST TO UN, WHICH HE PREDICTS WILL BE APPROVED. KONTZ ALSO ASKED EMBASSY. CONFIDENTIAL

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ADVICE ON MAKING SUCH APPROACH.

3. EMBOFF REPLIED THAT TO OUR KNOWLEDGE SITUATION REGARDING CIVILIAN ACTIVITIES IN BZ HAD NOT CHANGED SINCE MATTER WAS DISCUSSED LAST YEAR. UN APPROVAL APPARENTLY CONTINGENT ON ISRAELI CONCURRENCE. ISRAELIS WANT TO DISCUSS MATTER DIRECTLY WITH EGYPTIANS. GOE MAINTAINS THAT UN CAN MAKE DECISION ON ITS OWN AND THAT ISRAELIS NEED NOT BE CONSULTED. AS RESULT, GOE RELUCTANT TO RAISE MATTER. WITH REGARD TO GULF APPROACH TO UN, IT STILL OUR ADVICE THAT SUCH APPROACH SHOULD BE MADE BY GOE AND THAT THIS IS NOT COMPANY RESPONSIBILITY. EMBOFF ALSO SUGGESTED THAT GULF OIL REPS IN WASHINGTON RAISE QUESTION WITH DEPARTMENT TO DETERMINE IF THERE HAS BEEN ANY CHANGE IN EITHER UN OR ISRAELI POSITION OF WHICH WE UNAWARE. KONTZ SAID GULF MIDDLE EAST VP ANDERSON WOULD BE VISITING CAIRO IN MID-MARCH AND WOULD PROBABLY DISCUSS MATTER WITH MINPET HILAL. ANDERSON WILL ALSO CALL ON AMBASSADOR DURING VISIT.

4. COINCIDENTALLY, SAME SUBJECT CAME UP DURING MEETING MARCH 1 BETWEEN SINAI LIAISON CHIEF, MG KATEB, AND

VISITING SENIOR SEMINAR PARTICIPANT PEYER FROM
DOD AND POLCOUNS. KATEB SAID CIVILIAN ACTIVITIES, INCLUD-
ING OIL EXPLORATION, IN NORTHER BUFFER ZONE POSE NO
PROBLEM; CONSTRUCTION ACTIVITY HAS BEEN GOING ON THERE
FOR SOME TIME. HE NOTED OIL EXPLORATION HAS ALREADY
TAKEN PLACE IN SOUTHERN BUFFER ZONE. (COMMENT: WE ASSUME
KATEB IS REFERRING TO MOBIL SEISMIC WORK SOUTH OF LINE E
AND WEST OF LINE M WHICH IS NOT IN BZ.) ONLY PROBLEM,
ACCORDING TO KATEB, IS IN CENTRAL BZ REGION WHERE HE WOULD
HAVE TO MAKE SPECIAL ARRANGEMENTS BECAUSE OF EARLY WARN-
ING STATIONS. KATEB DID NOT SPECIFICALLY ASSOCIATE UN
WITH HIS STATEMENTS, ALTHOUGH HE IMPLIED UN CONCURRENCE.

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5. COMMENT: CONSTRUCTION-RELATED ACTIVITY PROBABLY IS IN
CONNECTION WITH CONSTRUCTION OF HOUSING, SCHOOLS, ETC.,
FOR BEDOUIN SETTLEMENTS. WE HAVE NO INDICATION HERE,
HOWEVER, OF OFFICIAL CHANGE IN UN
ATTITUDE TOWARD OTHER CIVILIAN ACTIVITY IN BZ. WOULD
APPRECIATE ANY COMMENTS DEPARTMENT OR USUN MAY
HAVE SO THAT WE CAN ADVISE GULF REP. IF DEPARTMENT
PERCEIVES NO OBJECTION, MIGHT ALSO BE HELPFUL FOR
JERUSALEM TO SOUND OUT GENERAL SIILASVUO ONCE AGAIN AS TO
HIS CURRENT REACTION TO SUCH A REQUEST TO UN TO ENTER IF
MADE BY GOE OR DIRECTLY BY GULF. EILTS

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